

Airline Group Reservations: Predicting and Minimizing Cancellations

Hasan Bhuiyan



| | |
|--|---|
| Author(s) Hasan Bhuiyan | |
| Degree programme Master's Degree in Aviation and Tourism Business | |
| Report/thesis title Airline Group Reservation: predicting and minimizing cancellations | Number of pages and appendix pages 64 + 10 |
| <p>Airline group reservation is a reservation type that can hold 10 or more passenger seats in one single reservation with one or multiple flight segments. However, besides group materialization, an airline also receives many cancellations from their yearly total group reservations. Thus, the aim of this study is to analyse the factors that are being identified at the time of cancellations.</p> <p>An airline themselves evaluates reservation requests prior to offer a quotation to their agency. Airline considers multiple factors before creating the quotation such as future demand, current availability, competitors, seasonality, group size etc. Based on the evaluation airline sends their proposal to the tour operators.</p> <p>This study is conducted based on an airline true data from a period of April-June in 2019. Not to disclose the company identity, business sensitive information's are excluded from the presented data set. Therefore, study will show the cancellation reasons from the reservations that were cancelled during the period with their creation dates and cancellation dates, size of the groups and travel months.</p> <p>The data collection process was done by asking reasons upon any group cancellations from the tour operators. The aim was to store those reasons with the specific pnr for later analysis of the reasons. All the involved parties in the data collection process were experienced and working for long time with the case company. The parties involved in the data collection and storing process were also highly experienced in their line of business.</p> <p>The result reflects the analysis of seven notable reasons of cancellations that the case company considers are highly significant and worth improving. The key considerations from the analysis indicates to create, a smooth communication channel between the airline and tour operators, creating loyal partners and keeping the service quality high. Additionally, competitions and changing environment of the whole aviation industry must need to be considered while preparing a group quotation for future tours.</p> <p>Further research is recommended in the same field based on external partner interviews in order to examine each cancellation reasons more thoroughly.</p> | |
| Keywords Airlines, Group Reservations, Cancellations, Revenue Management | |

Table of contents

| | | |
|-------|---|----|
| 1 | Introduction | 1 |
| 1.1 | Research question | 4 |
| 1.2 | Research structure..... | 5 |
| 2 | Group Travel | 8 |
| 2.1 | Evolution of airline reservation and distribution systems..... | 8 |
| 2.2 | Legacy carriers and LLC's..... | 10 |
| 2.3 | Difference between schedule and charter flight passengers..... | 10 |
| 2.4 | Tour operators and travel agents | 11 |
| 2.5 | Airline group reservation types | 12 |
| 2.5.1 | Leisure and business traveller's | 12 |
| 2.5.2 | Difference between individual and group reservations..... | 13 |
| 2.6 | Group reservation rules in different airlines | 14 |
| 2.7 | Group booking benefits | 16 |
| 3 | Airline Group Dematerialization Analysis..... | 17 |
| 3.1 | Airline group booking process | 17 |
| 3.1.1 | Schedule factor | 18 |
| 3.1.2 | Group rule factor | 18 |
| 3.2 | Demand forecast analysis | 19 |
| 3.3 | Overlapping market competition..... | 20 |
| 3.4 | Total or partial cancellations..... | 21 |
| 3.5 | Customer decision factors..... | 22 |
| 3.5.1 | Airline passenger demography..... | 23 |
| 3.5.2 | Flight route consideration | 24 |
| 3.5.3 | Destination consideration | 25 |
| 3.6 | Tour operators and travel agencies role in group bookings | 25 |
| 4 | Research Methodology | 27 |
| 4.1 | Qualitative research method | 27 |
| 4.2 | Case study research | 28 |
| 4.3 | Data collection and analysis methods | 29 |
| 4.4 | Validity and reliability..... | 31 |
| 5 | Group Reservation Process of Airline X | 32 |
| 6 | Reason Analysis and Recommendations | 33 |
| 7 | Conclusion | 34 |
| 7.1 | Research results | 34 |
| 7.2 | Reflection of the research | 37 |
| 7.3 | Future study..... | 38 |
| | References | 39 |

Appendices46
Appendix 1. Abbreviations46
Appendix 2. Ryan Air Group Reservation Quotation47
Appendix 3. British Airways Group Rules Agreement.....48

1 Introduction

Global aviation industry has seen many repetitive downturns followed by upturns over the past decades. The global financial crisis and increase of crude oil price cost the industry 16 billion dollars of loss in 2008 and 9.9 billion dollars loss in 2009 respectively. The largest crisis in the history of modern aviation industry before 2019 occurred after the 9/11 terrorist attack in The United States. The impact of the attack sharply dropped the demand of the air travel globally. In such crises, most airlines ground their capacity due to the shortage of demand. Profoundly experienced airlines managed to get stable after crisis but in other cases airlines with inadequate stability had to either merge or ground their whole business. For example, British Airways and Iberia merged in 2011, creating the world's largest International Airline Group (IAG) that would save 400 million euros yearly for IAG (BBC 2010). Meanwhile, other national European carriers such as Slovak Airlines, Lithuanian airlines and Hungarian Malev had to ground their operations in 2007, 2009, and 2012 respectively. However, many low-cost carriers continued to make positive results during the turmoil of global crisis, such as Ryanair and EasyJet. (Kuljanin, Kalic, Caggiani & Ottomanelli 2017, 725-727.)

The development of airlines mergers, alliances and partnerships has advanced the airline industry over the years 2005-2015. These changes were mainly based on airline's operational strategies and based on other resources and partnership strategies that have shaped the industry into stable and profitable growth. (Castiglioni, Gallego & Galan 2018, 134-145.)



Figure 1. Industry outlook (Pearce 2019, 16.)

As the figure above shows, after the global financial crisis in 2008-09, airline industry has seen significant increase of profits due to the increase of demand grown in the past years. In 2020, it is estimated that the number of air traveller will grow to 4.72 billion (IATA, 2019a); which is 137 percent higher than in 2004 (Statista, 2020.) The sources of the increased air travellers will be mainly from African and North American continents. (IATA, 2019a.)

However, things have dramatically changed after Corona virus or COVID-19(CO: corona, VI: virus, D: disease and 19: 2019.) spread over the world. Up until the date 05th April 2020, COVID-19 patients are found in total 181 countries with total over One million infected and approximately 65 thousand deaths (CSSE 2020.) World Health Organization has declared this phenomenon as Pandemic (WHO 2020). As shown in the below figure 2 published by IATA in March 2020, the impact of COVID-19 is already visible in the rest of the year's aviation industry outlook. Due to the impact airlines seat capacity declined by 65% in quarter 2, 40% in quarter 3 and 10% up until the last quarter of the remaining year. This has been the greatest hit in the aviation industry after 9/11 terrorist attack. The figure 2 also shows that, 2 million flights have been already cancelled by the airlines until the end of June, which estimates 252 billion USD of lost revenues. IATA expects the negative reports in the coming months as well due to the restrictive measures taken by the governments on the movement of people amid the spread of COVID-19. Airlines usually starts the year with an average of 2 months cash reserve, but this time IATA expects many airlines would go bankrupt due to limited cash flow. As the recovery would take longer and airlines would not be able to carry on until the recovery time arrives. (IATA, 2020c.)

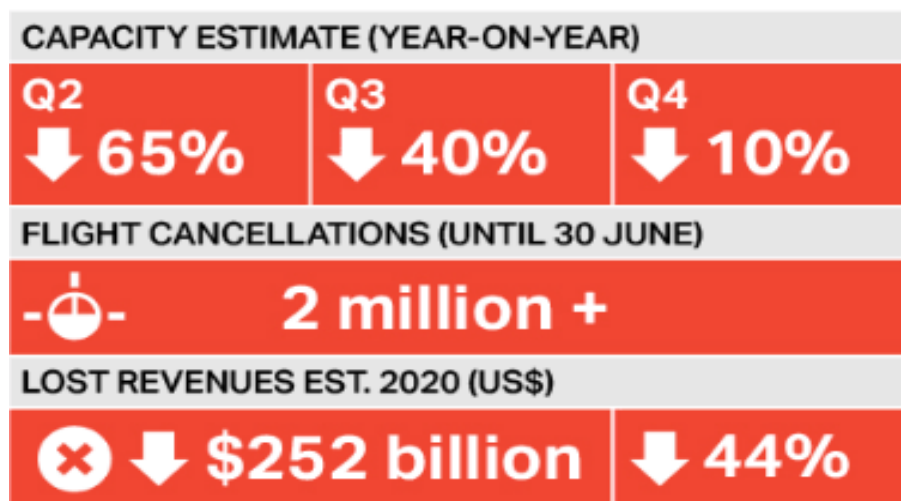


Figure 2. Industry outlook after COVID-19 on remaining 2020 (IATA 2020c.)

Travel and tourism industry count over 10% of global GDP. Out of total 10 jobs 1 job is from the industry. Thus, the industry holds a critical role in the economy of many countries. Therefore, industry experts are urging governments around the world to take necessary and rapid actions to minimize the spread of the virus and secure the industry. (WTTC, 2020.)

Group travel is one of important segment of the industry. The whole industry puts their utmost concentration to secure as many group travels as possible. Airline industry is in the leading position to make the best benefit out of this. Group travels are mainly organized by tour operators who organizes the flight bookings, hotel bookings and all other activities that are required by the original group travel plan. (Wensveen 2015, 264-298.)

A group must have a minimum number of required people as defined by the airline in order to make a group booking. In most of the airlines, the minimum number of group booking starts from ten seats. (Lufthansa, 2020.) Airlines group reservation is a process of making reservations for ten or more people in one reservation, either in economy class or in business class (Austrian, 2020.)

Airlines do not allow people to make bookings for more than nine seats using their websites or any online or offline booking tools and sales channels as the group booking process is still manually handled by the airlines (TravelPerk 2020.) For an airline, the group booking process starts by evaluating group size, seasonality and market competition. (Worldculturaltours, 28 December 2016.) The definition of group travel according to British Airways Group Booking Confirmation or 'GBC' stated as:

“A Group of passengers traveling in the same cabin on the same flight in the same booking, or as determined by the Airlines, from time to time, and as stated in the most current GBC associated with the Group for which the GBC is issued.” (ba-groups 2013).

Currently there are 56,071 IATA accredited travel agencies who are operating their businesses in 207 countries across the globe. Tour operators on behalf of the airlines they sell airline's flights to individuals or to group travellers. (IATA, 2019b.)

For tour operator's seasonality is important as they must sell their packages during the certain period only due to the demand and feasibility. Once the quotation requests are received from a tour operator, airline evaluates and sends the price offer to the tour operator and tour operator than combine with other services together to make the package tours. This is a regular business process between the airlines and tour operators to block the seats for time being and to sell group seats to materialize the tours. (TravelPerk 2020.)

1.1 Research question

The aim of the research is to minimize the cancellations of airline group reservations. An airline has long suffered from the high dematerialization rate of group reservations. Even though attractive offers were given but there were always other factors that have created obstacle for the groups to sell well or in worst scenario to cancel of its whole. Cancelled seats create additional availability in all the flights that were booked in one reservation. The cancellations usually give an airlines little time to resell those sudden loads of excessive seats as those cancelled seats adds into the airline's free seats inventory. An airline therefore needs to revise their market price to resell those seats with discounted price. In addition, these cancellations lead an airline into the risks of many unsold seats in different flights of the reservations that booked in one reservation. For example, a group of 50 people booked a return journey in a destination with a transit flight. This reservation will minimum have total four legs of their journeys with the return flights as the airline will fly to the destination via their hub and return to the origin destination. So, the booking of 50 people has occupied 200 seats in total four flights. Group reservations are usually created many months ahead. Now if the tour operator cancels the booking just 2 months ahead the departure date, airline will have now only two months to sell all those 200 seats. Therefore, high dematerialization rate of group cancellations creates a high pressure and risks of selling seats in short period of time or losing potential revenue.

Empirical data for this study were collected via case company through emails from their tour operators. All the bookings created by the Company X on behalf of their tour operators were stored for future analyses. The collected data stored over the period of one year from the reservation's creation time until the reservations finalization. The data presented in this study were modified by deducting business sensitive information's but keeping the necessary data for this research only.

This study has therefore focused on some key issues of group reservations in order to improve, the number of the ticketed seats and sales revenue particularly for the company X. Company X is an airline company that operates with a transit in their hub and then to all their destinations around the world. To maintain the right of Airline X data secrecy, study will not elaborate case company introduction into further discussion.

However, total ticketed seats and revenue per seat, these are solely related with one other. To figure out ways to predict future behaviour of a group reservation materialization potentiality, below key questions are therefore required to be answered.

- What is group booking?

- What are the factors that lead to the group booking instead individual bookings?
- Precautionary analysis of the tour operator on their past performances?
- What other elements to measure before preparing an offer?
- Why tour operators cancel their bookings?
 - Why airline cannot control sales of group bookings?
 - Why all the booked seats cannot be sold?
 - Why many reservations are not materialized or cancelled as whole?
- How an airline can predict future cancellation of a group reservation?

The expected study will therefore follow an organised process of going towards the 'How' question starting from 'What', with the aim to produce understanding of future predictions based on Airline X cancellation data.

1.2 Research structure

This research study aims to analyse the reasons of group dematerialization numbers in order to increase the rate of materializations of group seats. As currently it is much lower than the expectation of Airlines X. The low materialization rate, thereafter, leads to low load factor (L/F) for the airline and revenue opportunity lost, eventually extra burden to sell many cancelled unsold seats within limited time. The cancelling behaviour of group bookings from the tour operator occurs for many external factors. This study has analysed a set of true data based on a case company X Airline's true cancellation figures from a period of the year 2019. This study thus, pinpointed those reasons of cancellations and make an analysis of those to improve the current process better to increase the materialization rates.

In this thesis we have discussed overall airline group bookings and reasons of cancelling most of the group bookings. To draw down into the results and recommendations, this study will analyse current practices of group reservation process by the airlines in general, with a comparison of the case company airline true group booking data. The focus will be on the cancellation phenomenon in order to find out real reasons of dematerializations. Further study will highlight on regular cancellation practices and minimization scopes of those cancellations from future group bookings.

Chapter 1 provides the readers understanding of global airlines business challenges that the industry is vulnerable for many unfavourable global events. The impact of financial markets and terrorism shows negative results in the growth. Even though many global

challenges, in 2020 airlines are now more experienced to tackle any global downfalls but only through strategically placing their businesses in any negative situations. Demand of air travel are growing and expected to growth further. Therefore, airline group passenger segments have a great opportunity to fulfil the passenger demand for any airlines. However, as the group booking is still manually done in cooperation with the airlines partner tour operators, group booking process is still manually processed by the airlines. As group bookings are not sold by the airline directly to the final customers, therefore, airline does not have sole control on the sales. In many occasions group bookings are not all materialized by the tour operators. Thus, airline gets the bulk of seats back in their inventory to sell them in short period of time. This study will, therefore, focus on the cancellation behaviours of group bookings and make an assessment based on the findings. Research has collected true group booking cancellations data from an airline to make the analysis.

Chapter 2 focused on introducing the reader on the overall airline reservation eco-system. Airline passenger types can differ from leisure to business traveller's category. Individual travellers can travel for many different purposes, but business traveller buys the journey only for the purpose of the company need. However, both type of travellers can then either travel individually or in group.

Travel agencies are the individual seller of airline products. The core job they do is to organize trips on behalf of an individual or group of passengers. They provide direct advise, services and assistance for all travel related questions on behalf of the suppliers. Airlines works very closely with the travel agencies based on different agreements and incentives. Group reservation is only one segment from both legacy and LLC airlines from all other type of reservations. Airline sells their seats to the individual customers through different sales channels. However, if the reservation consists of 10 or more passengers, airline allows to make reservations through the airline directly or send requests to the airline via a tour operator or travel agency who also then organizes other travel related issues in addition with flights.

Chapter 3 has emphasised on the airline group reservation dematerializations analysis. To study the area research has considered factors that contribute individuals or groups to consider a carrier. The study therefore explored airline demand forecasting is a tool to analyse a group request. Based on the forecasting analysis an airline RM expert can create the offer. Demand forecast analysis therefore must consider passenger demography and

their lifestyles for the market. In an over-lapping market where a similar product exists airline can design group-based products to meet different groups different needs. Designing will allow customers to see the difference between the competitor airlines.

Airline and agency cooperation are also essential for an airline to be successful in a market. Airlines therefore can create agency portfolio to understand one agency market strength and opportunities. According to that, airline can plan joint marketing activities in the local market and in the destination market.

So, study have reached to the following hypothesis for group cancellations that are due to, i) RM analysis of group offers based on demand analysis from previous years, ii) competitions in the market for the same route, iii) airline cancellation rule flexibility, iv) customer behaviour towards a booked trip and v) tour operators' choices and ability to sell. Since the control for airlines to minimize group booking cancellations are limited, airline precautionary efforts may support to make better RM analysis in creating group offers and revision of group rules and policies.

Chapter 4 describes the research methodology. This research has followed case study research structure, but the immediate actions taken by the company X also at some level fit the research into action research as well. However, action research does not focus on long-term solutions but rather only short-term actions. Thus, study followed case study methodology to research the current practices in the market and to find a process-based solution through background analysis.

Following chapters have analysed the research data to produce research results of the study that provides recommendations of understanding on cancellations behaviours of group bookings based on related theory, case practicality and types of the cancellations. Airline X might consider the study to mitigate the risks of possible future cancellations based on the provided recommendations.

2 Group Travel

This chapter describes on the theoretical backgrounds of airlines seat reservation process, types of the reservations and group booking process in different airlines. Readers will understand the group reservation process from airline and tour operator prospective. Chapter 2 will also discuss the benefits of tour operators those who are holding group reservations with an airline directly, as well as how an airline sends offers to their group tour operators. The core outcome of the section will remain within understanding the whole relation of group travel reservation between tour operators and the airlines.

In the travel industry context, a group reservation generally means a group of ten people in one reservation, who participates in the same trip to spend their time together on a destination for an event or activity and return together. Groups can be organized for many purposes; either for business travel or for leisure travel. For example, sports or music related events, conferences, trade shows, religious events, leisure travels or destination weddings etc., can be the reasons for a group travel. The size of the group varies depending on the event types and organizers requirements but usually it starts from 10 participants or more. (Hayward, Marvell & Reynold, 2005, 66-68.)

The history behind group travel is not well known but Thomas Cook had a great inspiration on the package travel industry. In 1841 Cook, as the secretary of South Midland Temperance Association, went to a rail excursion with his association's five hundred seventy members in a return trip from Leicester to Loughborough. After the successful completion of the tour, Thomas Cook established the first travel agency in 1841 to continue the same trip and in 1879 first package travels were started by them to Europe and USA. The era of package group travel began after the 2nd World War in late 1940s and in early 1950s to the sunny beach holiday destinations with the luxury addition of air travel to a destination. (Archer & Syratt 2003, 4-5.)

2.1 Evolution of airline reservation and distribution systems

Following the World War II in 1953, airline industry had seen a growth in air travel. Thus, it has created restless effort by the airline staffers to manage passenger bookings, ancillary services and over or under booked flights. It was then the American Airlines president and a senior sales official of IBM have met one-day while flying together on their individual trips and discussed a possibility of creating an automated system to process and manage flight reservations. Following their conversation these two companies agreed to go further

with the idea of creating Passenger Name Record (PNR) system. In 1960, fully operational “Semi-automatic business research environment (Sabre)” named by American airlines was installed on two IBM 7090 computers. (Altexsoft 2019.)

During the 60s other airlines have also developed their own system and eventually the efficiency of electronic reservation system developed to Customer Reservation System (CRS) within the travel industry. Sabre has led the way of airline reservation systems while CRS technology forced into today’s Global Distribution System (GDS). (Sabre 2019.)

Today there are three major GDS’s in the world. They are Amadeus, Travelport and Sabre. Over 400 of airlines work through these GDS’s to distribute their products to the travel agencies including online agencies. However, airlines pricing and schedule publishing still depends on Airline Tariff Publishing Company (ATPCO) for fare distribution and for scheduling on OAG and Innovata. (Altexsoft 2019.) The below figure demonstrates how GDS combines all three sources to produce results to a travel agent individual flight, schedule and price requests.

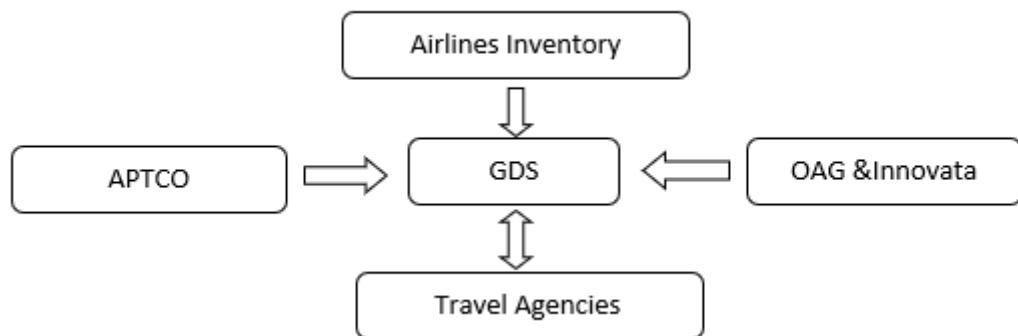


Figure 3. Airline reservation system (Altexsoft 2019.)

CRS and GDS basically has the only difference that CRS is managed by airline themselves and GDS provides facility to the travel agencies to see airline products, make reservations and manage them according to customer needs.

However, the development of New Distribution Capabilities (NDC) by International Air Transport Authority (IATA) will change the future of airline dependency onto a GDS but moving the selling platform to more direct between airline and customers. NDC will allow airlines to market and sell their core product and all ancillary products through the same platform. Such products may include flight tickets, extra baggage, selling WIFI, lounge access, pre-boarding, hotels, cruise ships, train tickets, concert tickets and so on. (Strauss 23 November 2018.)

2.2 Legacy carriers and LLC's

Legacy carriers or network carriers are the airlines that were established before 1978 Airline Deregulation Act. Legacy carriers have a long story of their flight operations in domestic and international routes refers to the term hub-and-spoke. They offer services with multiple classes including first class, business class and economy class. Also referred as “full-service carriers”. Usually with legacy carriers’ passengers look for more comfort, mileage benefits and highest level of before and after sales services. Legacy carriers’ services are even wide through their respective alliances that includes Star, Oneworld and SkyTeam alliances. (Alternativeairlines 2020.)

Low-cost carriers (LCC's) are usually offers lower priced tickets and operates point-to-point basis. To minimize the operating costs LCCs’ fly’s to airports with less landing costs or in off peak hours. Their overall business model structure is to minimize operating costs. LCC’s maximize their revenues by giving passengers their options to purchase services that are required by the individual passengers themselves. As the services are to buy, therefore, comforts are limited. LCC’s charges from their passengers for prior seat booking, meals, desk check-in or baggage’s etc. in addition with the ticket price. Thus, the main difference between a “full service carrier” and “low cost carrier” is the operating model structure but not only limited into price. (ICAO 2020.)

2.3 Difference between schedule and charter flight passengers

Schedule flights operates point to point based on a regular schedule; charter flights operate based on tours they sell. The core idea of the schedule flights is to transport regular business travellers and frequent flyers. They are mostly ‘on-the-go’ type business passengers concern on on-board privacy, comfort and on-time performance. Charter flights on the other hand operates by tour operators. Their customers are big families on holidays. Charter flights operates seasonally between two point of destinations based on their tours. As passengers are on holiday mood their boarding process are rather slow and flight ambience is also very festive. (Finavia 2018.)

For schedule flights an airline operator must need to maintain a departure and arrival agreement with the airport authority on regular basis to keep their airport slots. These operators mainly operate from their hub to a busy and main airport of a city. Charter flights are rather flexible with the departure airports as they usually choose to fly from remote locations or on off peak times from the main airport to avoid higher airport landing costs. (Finavia 2018.)

Schedule flights tickets are available from various sales points such as online sales portals, travel agencies and directly from the airline. Charter flight tickets are only sold by the specific tour operators through their own channels. Schedule flights operates as hub-and-spoke to collect passengers from different cities and bring them into their hub airport to fly to another destination. For example, passengers flying to Bangkok from a Finnish city Oulu, will first fly from Oulu to Helsinki via Finnair domestic route and then from Helsinki to Bangkok journey will be with another Finnair aircraft. In such way, Finnair will collect passengers from different domestic cities to fly them to Bangkok. A charter flight instead will operate from Oulu directly to Bangkok and fly those passengers back after their duration of the vacation. Therefore, a schedule flight is the operating carrier's commercial risk and the charter flight is the tour operator's commercial risk. (Finavia 2018.)

2.4 Tour operators and travel agents

A tour operator is a person or company that create a plan of a tour and only sell their created tours. They first do pre-research on the destination, feasibility consideration, all transport arrangements, accommodations, activities and arranges all required permissions and licenses to operate the tour. Once all the tour plans are ready then the operators start to sell it by themselves or through a travel agent. (Moore 14 May 2018.)

A travel agent does not take the responsibility of the package, but they sell the products locally. Their core idea is to keep multiple options of tour packages to sell to their possible clients. (Moore 14 May 2018.)

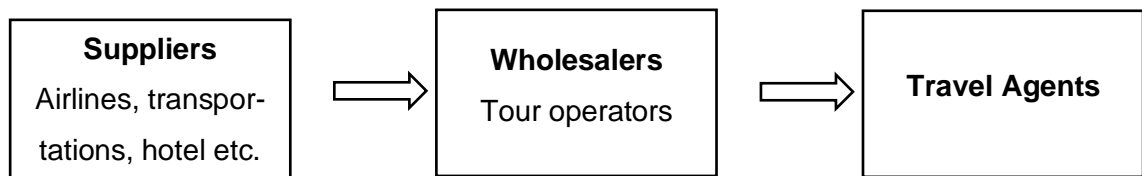


Figure 4. Tour operators and travel agents (Moore 14 May 2018.)

Now a days due to the changes in government legislations and increase of direct bookings through tour operator's internet pages, many travel agencies also acquiring their own tour operator licenses and creating their own package tours, in addition they are also selling tour operator tours. (Moore 14 May 2018.)

To summarise the tour operators and travel agent's role in tourism business is that they work together to facilitate the required needs of the people who travel. Specially, tour operators, airlines and hotels become the main role player in the travel industry. However, all other parties are involved in this business are supporting the industry indirectly. Specially

travel agents, tourism boards, governments and other facilitators. (Smith & Warburton 2015, 5-6.)

2.5 Airline group reservation types

According to many airlines' website, any number of seat bookings that starts from 10 passengers is a group reservation and reservations are handled by airline themselves (Lufthansa 2020). However, only a few low-cost airlines have exceptions to these booking numbers that starts from eight (8) to twenty (20) passengers in one reservation can be booked by using airlines own website, and Ryanair is one of them (Ryanair 2020). Regardless the size of the group, group bookings has different characteristics than FIT or from any other kind of bookings. Group reservations can be created either via travel agencies or by directly from an airline themselves. Most of the airlines only allow IATA accredited travel agencies and tour operators to request group reservations from the airline. (Llera 16 December 2019.)

Tour operator's package trip groups are well fitted into leisure travel segment. In this category, most of the groups are created by the tour operators in advance to market and sell a destination-based package trip. However, the purpose and plan of package trips can differ from tour to tour based on agency choice. Package tours can be for sand & beach holidays, city tours, golf packages and for medical tourism etc. Rest of the group reservation purposes are for different sporting events and business meetings or any random trip. Another type of characteristic is based on the timing of the reservations. Tour operators tend to make reservations at the same time when flights appear in their GDS. By doing so, they usually block a fair amount of space in each aircraft for a longer period until they face a minimum deposit deadline. As early as a tour operator make reservations is approximately 344 days ahead of the departure day (Lufthansa.com read 24.01.2020.). Special sports groups and business travellers' groups tend to make reservations according to their plan and date of the event. Therefore, those types of reservations are created by specialized sports agencies and corporate travel agencies. (Llera 16 December 2019.)

2.5.1 Leisure and business traveller's

Most of the people around us are familiar with the leisure travels while taking a trip with family and friends for city or adventure tours. However, the segment of business travellers is more revenue making segment for airlines. Leisure travellers they fill the seats and increases load factors (LF) of an airline but business travellers pay more for one ticket. With an exception of charter airliners most airline passengers are a combination of both type of

travellers. The difference of between these two types of travellers are listed in Table 1 below. (Davidson & Cope 2003, 6-7.)

Table 1. Difference between leisure and business travel (Davidson & Cope 2003, 6-7.)

| Differences | Difference Between | |
|-------------------------|--|---|
| | Leisure Travel | Business Travel |
| Reservation and payment | The traveller him/herself | The employer |
| Destination | The traveller | Employer or event organiser |
| Timing | Sessional holiday period or individual decisions | Mainly in weekdays |
| Planning | Booked few months early | Booked in advance for large events but small groups or individuals may book in short notice |
| Traveller types | Mainly with family and kids | Adults; including business colleagues and partners |

Leisure travellers engages in holiday activities with their own finance, whereas business travels are financed by the companies. Leisure travels are performed on peoples free-time and business travels are considered as work- or work-related trips. Leisure travellers can further be divided into day tours, overnight tours, short breaks or holiday breaks. Business travels can be to attend a meeting, conference, fair or seminars- in short MICE (Meetings, Incentives, Conferences and Exhibitions). (Smith & Warburton 2015, 4.)

2.5.2 Difference between individual and group reservations

Group reservations are created differently than individuals. As an individual one can get instant promotional prices online, can change their travel date or routing at any time and even can ask for refund if applicable. For group bookings airline get promise for a certain number of confirmed seats to be ticketed. Therefore, the tour operator gets a reasonable

price but with some strict deposit rules and conditions. The main difference between these two types of reservations is that for individual bookings passenger need to purchase at the same time or within few days from the reservation, but in group reservations tour operators make reservations almost a year ago and can change name and ticket the reservation even 24h before departures. (Worldcultural tours 28 December 2016.)

To find out the difference between Free Independent Traveller (FIT) and Group Inclusive Tour (GIT), the table below precisely illustrates general understandings of a traveller choice and choices based on professional tour operators.

Table 2. Types of reservations (Davidson & Cope 2003.)

| | FIT bookings | GIT bookings |
|----------|--|--|
| Schedule | Best one gets more expensive | Best one's are booked with good price |
| Price | Due to late booking price also get expensive but chances of new promotion remain | Once booked with an agreed price it cannot be changed regardless airline own campaign. |
| Services | Same for all passenger | Same for all passenger |

Other benefits of individual and group travels are mainly sharing costs, security and social interactions. Individual travellers research the destination by themselves and explore that costs them extra money and time. Sometime travelling alone in places with limited social security can be risky due to being alone. Other than these individual travellers also face challenges in keeping the memories with their cameras as its not always easy to manage oneself with own gadgets.

Group travels in contrast are relatively cheaper and hassle free. There is always someone to look after and guide through. As the tour operator buys things in bulk, they also get cheaper prices from the suppliers. Most importantly, group travellers stay and participate in the tours for number of days and that increase friendships and social interactions among the participants. (Happy 06 December 2017)

2.6 Group reservation rules in different airlines

The below Table 3. illustrated group reservation rules and benefits from some major legacy carriers and low-cost carriers from different continents of the world. Those airlines have their own expertise in their respective regions.

United Airlines is the world 3rd largest airline that headquarters in Illinois, America. Brussels Airlines is a major legacy carrier to European and African destinations headquartered in Brussels, Belgium. Ryan Air is the Europe’s best low-cost carriers based on Dublin, Ireland. American Airlines is the world’s biggest legacy carrier headquartered in Texas, USA. Malaysian Airlines is a legacy carrier, headquartered in Kuala Lumpur, Malaysia. Aer Lingus is the Dublin based low-cost carrier from Ireland. (UA, SN, FR, AA, MH & EI 2020.)

Table 3. Group rules in different airlines (UA, SN, FR, AA, MH & EI 2020.)

| Group Rules | Airlines | | | | | |
|--|----------|----|----|----|----|----|
| | UA | SN | FR | AA | MH | EI |
| Group sends quotation request via airline webpage | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dedicated revenue management specialist | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Group booking is only on the airline operated routes | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Online group booking request only | | | ✓ | | | ✓ |
| Unique pricing for all passengers in one group pnr | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Instant pricing based on availability | | ✓ | | | | |
| Instant deposit | | ✓ | | | | |
| 100% payment at the time of reservation | | | ✓ | | | ✓ |
| Free cancellation until a certain period | ✓ | | | ✓ | ✓ | |
| Partially free cancellation | | ✓ | | | | |
| Priority check-in | ✓ | | | | ✓ | |
| Special sports group rules | ✓ | | | ✓ | | |
| Name change costs | | ✓ | ✓ | | ✓ | ✓ |
| Free name change | ✓ | | | ✓ | | |

The table above shows, all the airlines accepts group bookings via their online webpages. Regardless the type of legacy airline or low-cost airlines, all the airlines have their own RM specialists to prepare the group offers and provide services to the groups. Most of the airlines accepts group bookings only on their operated routes and flights. Low-cost carriers prefer to create the offers instantly and with the request of 100% payments. However, airlines accept name change option with or without payment to provide customers more flexibility in case of uncertain issues. Sports groups gets special treatments from many airlines. Furthermore, many airlines also provide dedicated group check-in facilities at the airports. (Table 3.)

2.7 Group booking benefits

Group booking means to create a group reservation immediately after a flight appears online. As early as a booking can be made, agency can get reasonable number of expected seats with a better rate on considerably demandable flight schedule even. Below discussions will cover detail factors of advance group bookings and benefits.

Unlike a direct booking tool group booking is still a manual process for many airlines. Group first send their request with number of travellers, dates and destination and then must wait for airline response with a price quote. Group booking guarantees that all the passengers in the group will travel together unless the group is over the capacity of an aircraft.

Group booking is not always cheaper but sometime expensive too, but price once settled will remain same from the reservation date to until the departure day. However, price of a group of 20-25 seats are comparatively cheaper than bigger group. Let's say individual price today for a departure 11 months later is 50 euro and airline knows' as the days will come closer they can sell that seat with 150 euro at least, therefore, a group of 20 seats will receive a price close to 80 euro based on the evaluation of today's price and future expectation. But a group of 50 seats might receive closer to 150 euro due to the occupancy rate of that aircraft total seats.

Group bookings are easy to handle for the group organizers as they maintain one name sheet for airline booking, hotel booking and transportation bookings. Therefore, they can easily follow-up and co-ordinate with others on participants special requests and group them accordingly. (Llera 16 December 2019.)

In group bookings, group do not need to provide passenger names immediately but before ticketing only. Therefore, the group organizers can first block the estimated seats months earlier than the real departure and gather the group.

Full payments not necessarily be paid at the time of booking but only a partly deposit. Deposit amount varies from airline to airline and final payment deadline also varies the same way. However, most of the airline does not refund the deposit amount in case of cancelling the whole group. (Tatiana 12 June 2019.)

3 Airline Group Dematerialization Analysis

This chapter will emphasis on the theoretical backgrounds of the thesis real problem, reasons of high dematerialization of group bookings for airline X. At the end of the chapter one will find the role of tour operator, market and customer behaviour factors in the dematerialization of a group tour.

3.1 Airline group booking process

The research will start with the booking process. Group reservations for an airline means to block multiple numbers of passenger seats with either one-way or return flight or any number of flights in one reservation, so that all passengers travel together on a trip. For an airline, this number of people usually starts from minimum 10. Number of the maximum participants totally depends on the airlines seat capacity and availability. Group reservations are in most of the airlines handled by the airline themselves as the process is still manually performed. (GroupRM 2020.) The reservation of the flight creates a unique Passenger Name Record (PNR) number in the airline CRS. PNR is also known as Record Locator. PNR is the combination of 6 digits from numbers and English alphabets. (Strauss 11 April 2017.)

Figure 5 shows the process of group reservations as a repetitive process for both airline and the tour operators. Ensuring a seamless process in each stage and delivering the promised services to the end users would repeat the booking process time after time. At the planning stage group organizers must know about the event, its destination and an approximate idea of number of participants. Airline therefore will settle on price and flexibility based on the volume of seats promised to sell. (Bronher 14 July 2017.)

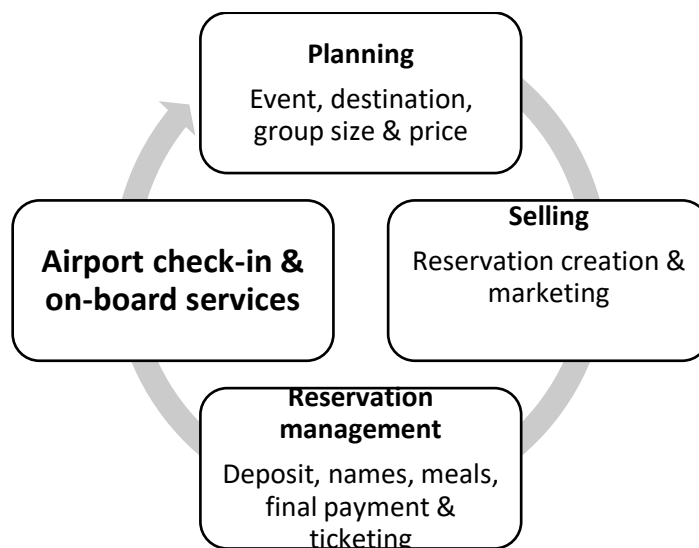


Figure 5. Group reservation process (Bronher 14 July 2017.)

Airline group reservation process starts almost a year before departure. For some airline it is even earlier based on the contracts with individual agencies. During the early stage travel negotiates with airlines about the destinations, number of seats, price and conditions. (Hayward, Marvell & Reynold, 2005, 66-68.)

Group ticketing timing is flexible than the individual ticketing due to the size of the booking. It works so, for example, a tour company can make the reservation for an event without names and ticketing can be as late as until the departure day. Tour operator meanwhile gather interested people, they pay required deposit amount to the airline and before a certain period given by the airline tour operator insert names in the reservation and issue tickets for individual passengers but within the same PNR. (GroupRM 2020.)

Group reservation price offers are often negotiable based on the number of the seats and agency past sales performance. A group can form with leisure travellers, sports groups, student groups, events participants, wedding guests, concerts goers etc. (Hayward, Marvell & Reynold, 2005, 66-68.)

3.1.1 Schedule factor

Scheduling determines the flight timing of a scheduled flight in between a route. Schedules are built in a way are to maximize aircrafts uses, airlines profitability in long run. Even though schedules are built to increase airports and aircrafts usability, but airline profitability also depends on passenger origin and destination (O&D) points total flight time. An O&D are built also to maximize the airline whole network usability from an entry point to open to all potential customers through hub-and-spoke. For example, biggest domestic carrier of US operates more than 3000 flights in a day with their 600 aircrafts or more to over 300 cities across the country, serving over 10000 unique O&D markets. Therefore, an efficient planning of airline schedule planning increases airlines coverages to its network from a specific market, keeps top in the competition and brings more overall profitability. (Jacobs, Garrow, Lohatepanont, Koppelman, Coldren & Purnomo 2012, 36-37.)

3.1.2 Group rule factor

Airline group reservations is still a manual process of work. It involves people and responsibility of following deadlines and risks of high investment and losing money if not sells well. Airlines no-a-days making every attempt to maximize their profit by reducing costs and increasing efficiency. Group booking is one of the sources that airline makes profits from. Reservations are made well in advance for a certain number of people. Airlines,

therefore, asks for advance payment to secure them from possible cancellations and lose of opportunity to sell the cancelled seats. (GroupRM, 2020.)

The terms and policies an airline therefore apply to the group bookings are restricted with certain dates and possible penalty in case seats are not materialized. the rule differs from airline to airline. Air Lingus for example asks for 100% of the payment at the same time of making the reservation. American Airlines asks for partial deposits only 2 months before departure and any cancellation before that is free of charge. (Air Lingus & American Airlines 2020.)

3.2 Demand forecast analysis

Today's business actions are based on yesterday's plan and tomorrow's expectations. Thus, airline forecasting is an attempt to quantify future demand. It can be considering revenue in dollars or physical volume based on Revenue Passenger Miles (RPMs). Forecasting is not planning but management use forecasting a tool for future business planning. Forecasting is therefore, done based on previous year demand and future possible demand for a period. Forecasting can be done for short term usually daily basis; a mid-term forecast is for 1 to 5 years period and a long-term forecasting usually for five to ten years period. (Wensveen 2015, 268.)

Forecasting demand and revenue is one of the core roles for airline revenue management (RM) experts, when offering group fare to a tour operator. The forecasting of the offerings usually depends on cancellation trends of groups and by categorizes previous same PNR's separately. (Oren 2016, 10.) Based on the analysis, RM creates the seat allocations and offer price for certain route on the dates requested by the tour operators. (Oren 2016, 10.) Forecast analysis can vary from airline to airline, period to period and time to time. Every company makes their own choices based on routes, aircraft types and services they have. (Wensveen 2015, 269.) The technology has also developed to analysis the best offer based on possible future demand. However, seasonality, yearly calendar holidays, economic turmoil, political issues, terror attacks and competitions all these uncontrolled issues constantly affecting the outcome of the analysis, that on daily basis forces the RM experts to adjust their methods and predictions. (Oren 2016, 10.)

Modelling airline reservation cancellations based on RM analysis are different than other forecasting analysis. Usually if a cancellation model is added in an airline group reserva-

tion system, system will underestimate the high seasons and overestimate the cancellations. The consequence of underestimating the demands leads to an offer with lower price during the high season and loss of high revenue opportunity. On top of that if the reservation gets cancelled it will create empty seats at the last moments and again loss of opportunity to sell the whole flight during the high season. Therefore, there are usually two factors of modelling the best offer of an airline group bookings, forecasting cancellation rate and classifying them individually based on each departure period. Airlines usually follows the second one, analyse an offer based on departure period. (Leeuwen 2018, 6.)

Modelling cancellation rates based on departure period is the most common process of collecting reservation data from each booking with their PNR's. PNR can delivery reservation request information, destination, flight information, number of the original seat booked, passenger name information, type of the travel dates of all the flights in the PNR, price and any other discounts if given. There are no predefined rules of collecting information based on any PNR. Airline chooses the collection process to segregate their data for future analysis. Therefore, it helps the RM to continue their analysis of demand forecasting based on total past true demand during a period. (Leeuwen 2018, 6.)

3.3 Overlapping market competition

Airline products is certainly not a physical product, but services that consumers experience through their travel process with an airline. Factors one traveller considers while deciding on a particular route if there are multiple options are, safety record, on-time performance reliability, in-flight services, services included with the ticket such as meals, baggage allowance, miles, aircraft types, duration of the total tourney, frequency and the airline overall image etc. These services can be elasticised to the consumer needs to satisfy them through the before and after journey experiences. (Wensveen 2015, 285.)

An airline must have resources and capabilities to serve in a competitive open market where services clearly defined as nearly similar, but through the narrow escape of sustained competitive advantages it differs from each other. Overlaps of similar products have impact on the competition for a same route. In an airline industry resources are considered as tangible, but capabilities are intangible asset. Research shows that by the time capabilities of a firm improves it turns into efficiency. Efficient use of the airline market resources such as loyal tour operators, product quality for the airline and tour operator, distribution of airline products in multiple point of sales etc will put the airline into competitive edge. (Hannigan, Robert, Hamilton & Mudambi 2015, 135-138.)

Airline industry is a homogenous industry with the similar functions of service, price and passenger load factors. Quality advantages can be copied or standardized up to a level which will therefore negatively effect on airlines competitiveness. Price provides a positive relationship with the airline yield performance and service quality has negative connection with the growth in an overlapping market environment with similar products and services. Airline operational strategy on pricing cannot be changed much as airline product is the most perishable items, once price comes lower people buy the cheaper one and airline will make loss of their yield and if price goes higher than market potential passengers will turn into the other options. Therefore, seat needed to be sold with the right price as early as the schedule departure. So, to draw a notion to tackle competitors in an overlapping market environment, price and quality of the service are not the tools, to a competitive war, to start with. (Hannigan, Robert, Hamilton & Mudambi 2015, 135-138.)

However, Wensveen (2015) has emphasised into two areas that an airline can distinguish themselves to compete in this extremely competitive market. First one is to offer diverse services to the passengers, and secondly is to improve airline's brand image in the market. Diverse services have no limitations, nor the improving brand image has any certain rules, but both actions will bring positive changes into customer choice.

The dynamics of competition can be reluctant by joint effort of airline and tour operators together by focusing on to market resources and commonality in order to create a narrow portfolio of 'products and services' with competitive edge. Product diversity and overall quality together can be the tool of creating a narrow positive portfolio of advantages in an overlapping competitive market. (Singh 2015, 107-110.)

An airline strategic move understandably is also to put their products into different sales channels with price and product incentives. This also refer as multimarket competitions, that refers to place the product into the market through different sales points. Airline therefore can allocate their products to multiple sales points through travel and tour operators' sales channels with the different sales contacts and incentives to de-escalate the competitive actions by other competitors for the similar market. (Hannigan, Robert, Hamilton & Mudambi 2015, 135-138.)

3.4 Total or partial cancellations

The whole group booking can be cancelled totally if group minimum number of seats are not sold. Or in the event of lower number of seats sold than the group minimum requirement in order to issue group tickets. (Lufthansa 2020.)

Group reservations are not always sold out by all the seats preliminary booked by the tour operator. Operators intend to make booking for maximum number of seats they preliminary expect to sell. As the time comes closer group owner starts to reduce the number of seats. Partially cancelled seats from originally booked groups are all effect negatively in the sales potentiality of those seats. In consequence it creates new inventory for airline with limited time to sell. Airline has therefore right to charge cancellation penalties.

(Lufthansa 2020.)

However, penalty policy varies from airline to airline. Depending on the airline group conditions and rules airline charges penalty. Delta charges no penalty for total or partial cancellations 60 days before departure, but a new contract of price and conditions are given to their agencies on partial cancellation. (Delta 2020.)

According to Aer Lingus charge are 100% if there are any unsold seats from the originally booked reservation. (Aer Lingus 2020.)

According to Falk & Vieru (2018, 3101), hotel industry has seen such cancellation behaviours that the free cancellation option has given agencies flexibility to make reservations and cancel partially. Their study further shows that booking channels, months of travel, size and destinations are the important factors for hotel booking cancellations. Hence, obtaining knowledge of cancellation behaviours are significant for hotel managers to understand the materialization and future policies.

3.5 Customer decision factors

Airline industry is a service-based industry. Therefore, retaining current customers and gaining new customers are together one of the major concerns for airlines in this fierce competitive market. The best approach of this process is by providing variety of services and added value. (Kucukaltan & Topcu 2019, 647.)

Purchasing decision of an airline product and service is largely depended on prospective customer behavioural intentions (BI). Due to the fact, that the group reservations are made months before the intended departure, therefore, market competition for the same tour can be one of the decision factors as discussed earlier as well in section 3.2. Customer intention of using an airline also solely depend on airline service quality (SQ). For the repetitive customers previous service works as an important motivational element to decide on the future purchase. In order to be successful retaining the current customers airlines must consider their service quality today for future customer behaviour on purchasing the service once again to a new route. It has been established that airlines SQ works as a major influencer on customers mind and decision at the time of re-purchase.

Ensuring high SQ place an airline ahead in the market competition automatically and creates loyal customers who eventually does month to month advertisement on behalf of the airline. (Singh 2015, 107-110.)

It has been found that BI and SQ both are strongly connected with each other. Customer satisfaction is also emotional but not only cognitive. Emotional satisfaction is processed and analysed in two different steps, first one is process specific and the other one is overall process. Process specific experiences are encountered in every touch point and automatically produces a rating for the process. Overall is an analytical experience that evaluates the process as whole and produce a constructive feedback. Customer satisfaction therefore refer as the customers overall emotional experience towards a brand that leads to a future purchase decision.

Business image is a symbolic term of overall airline brand reputation in the market. It is measured based on people's belief, experience and delivery of promises. For an airliner safety and security measures are the primary concerns but for traveller's product quality and service delivery are the core concern. A cumulative positive experience of airline services builds a good image of the brand into the passenger's mind in order to positively impact on future decisions of prospective customers. (Singh 2015, 107-110.)

3.5.1 Airline passenger demography

Airline passenger demography is to understand one market where the airline is operating. As due to the competitive market airline can conduct a market research to learn about their existing and potential customers. the sole purpose is to design the airline products to meet the changing demands of the customer needs as they began to appear or even before they appear. To do so airline must need to understand, why a group of customer fly with them, who they are, what are their age group, sex, social status, income group, how often they are flying, where they are flying, why they are flying, what services they use while travelling and when they are flying. In addition, with the customer profiling, airline must also know if there is any trend, event or any upcoming happening's in a destination. This passenger and destination segmentation will provide an airline an accurate knowledge of personalizing the service more accurately. (Wensveen 2015, 293-94.)

Market demography will support an airline to design the airline products for certain group of passengers. Market developers are constantly looking for new opportunities and target groups based on passenger demography and lifestyles. A product for a target group would support their needs and reasons to choose a certain airline. Such as an athletic

group has different requirements than a religious group. A ski-holiday or golf holiday makers have different requirements than a cruise ship passenger groups flying to catch a cruise. Thus, these special interest groups are all different based on their purpose of travel. Therefore, passenger group-based product development is hereby significant than an overall product for all. (Wensveen 2015, 264-298.)

Development of any certain route by offering promotional fares. Maximize the sales opportunity by targeting group of customers for any events. Overall, passenger demography analysis increases to retain existing customers and gain new customers. (Wensveen 2015, 297.)

3.5.2 Flight route consideration

An airline needs to know how and why passengers prefer a direct connection over a transit option or vice-versa. The cost of carrying a passenger over hub-and-spoke route structures has reduced by the time. Passengers choose route depending on the price, flight & transit time, and flight frequency. Airfare and flight time are the most significant variables of choosing a flight. Price of a direct connection are usually higher than the price with a transit but especially if there are multiple competitors with transit options for the same route price is even more competitive on an individual route. Therefore, there were study of multiple other factors with transit flights to choose from. (Jung, Kim & Yoo 2017, 263-265.)

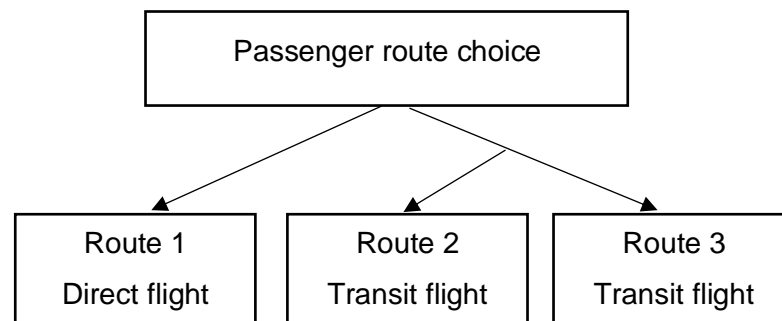


Figure 6. Structure of passenger route choice (Jung, Kim & Yoo 2017, 263-265.)

Above figure illustrates the flight options for a single route that a tour operator or group owner may consider at the time making the tour plan. Passenger considers service level, connection quality, airport choice, aircraft types, departure and arrival times etc over the options from transit flights or the direct connection. (Jung, Kim & Yoo 2017, 263-265.)

3.5.3 Destination consideration

There are many package products by the tour operators one can travel to, but all the packages are not always selling well. Time, money, weather and security are the topmost deciding factors on a destination of among others. We can put these factors into four categories, internal choices that includes one's attitudes, values, motivation etc; 2nd one is external that includes destination itself, family, friends, culture etc; 3rd one is trip type that includes holiday, duration, distance etc, and the 4th one is experience that includes mood, feelings post-purchase evaluations etc.

People attract towards a destination for different reasons that generates from the attitudes, social lifestyle and destination attractiveness. This behavioural factors of choosing a destination package steers based on time of the package trip. As timing might not be suitable. Price of the package in a destination might be expensive over doing things individually or 'make-it-yourself'. Domestic weather and destination weather both have an emotional role on destination choice. Lastly people consider security and political stability over any other things discussed earlier.

This 'choice-set' of the behavioural approach eliminates some of the choices over the time before people take a decision over a destination. If the destination is convenient to a person over its internal and external behavioural factors, the other two factors are than influenced by the first two factors. (Salto & Strehlau 2018.)

3.6 Tour operators and travel agencies role in group bookings

Tour operator organizes a tour with different component of services on its package. Their job is to gather all the tour related services to one individual product called Inclusive Tour (IT), in airline context. The IT product later sold to a specific tour operator or to the group owner to gather their participants. A tour operator may or may not have their own charter aircraft, hotels, cars etc but they organize those together from third parties or by themselves. However, a tour operator takes the responsibility of the tour for their passenger and are liable towards the authority. (Tourism notes 2019.)

There are more commonly two types of tour operators, inbound and outbound operators. Inbound operators are also referred as incoming operators. They are the operators provide tour services at the host destination. For example, a tour group from Britain to Rovaniemi will be handled by a local tour company is called incoming operator.

Outbound tour operators are those who organizes a package tour not in the host county but a foreign destination. They promote the destination to sell their tour products. These

tour operators are the one who decides on the suppliers for airline ticket, hotel and other arrangements.

Travel agency is a retailer of bulk products. They have the full knowledge of the product, destination and the tour. They sell those package tours on behalf of the tour operators or organizes tours if requested by any other parties. In exchange they get commission as their revenue. A complete travel agency organizes all travel arrangements such as transportations, accommodations, travel documents, travel insurance and foreign currency etc. (Tourism notes 2019.) There are some certain differences between travel agency and tour operators as it follows:

Table 4. Tour operator and travel agency role differences (Tourism notes 2019.)

| Tour operators | Travel agency |
|---|---|
| <ul style="list-style-type: none"> • They buy bulk of products from individual suppliers • Tour operators are whole seller • Tour operators creates the package • Tour operators takes all the responsibilities related with the tour • Tour operators ensures the quality and security of their guests travel and accommodation | <ul style="list-style-type: none"> • They have knowledge of the product and destination • Travel agency are like retailers • Travel agency sells tour operators packages • Travel agency charges small sales commissions only • Travel agency delivers the information's only to the final customers |

The role of tour operators is significant in group travel. Tour operators are the builder of a tour that called 'packaging'. A package tour is the combination of many inter-related services such as flights, accommodations, ground transportations, excursions etc. Packages are built together targeting the customer segment, season and destination. In such production phase airlines and tour operators can work together to support each other to build a package product. The support can start with facilitating inspection tour in the destination, organizing DMC meetings, price negotiation based on total number of the yearly tours, marketing cooperation and providing the best service and quality from both the airline and tour operators prospective. (Smith & Warburton 2015, 8-12.)

4 Research Methodology

This chapter describes the empirical study of the research. Traditionally there are two types of research methods quantitative and qualitative. This research has followed qualitative research process through a case study method of research.

The main difference between qualitative research and quantitative research is that quantitative research is all about numeric, and anything that is not numeric analysis is qualitative research. Qualitative research is best particularly when researchers study the topic in depth. It is also useful if the topic is relatively new and there are not many researches on the topic. (Myers 2013, 73.)

4.1 Qualitative research method

Qualitative research refers to the observatory data, behaviour and spoken words by people. It's more about understanding people's social experiences as they experience it. It emphasizes on things how people understand things. Qualitative research develops data sets rather than collecting data to examine the data behaviour, model or theories. (Taylor, Bogdan & Devault 2015, 4-11.). It also covers social and cultural contexts of the research area within the research topic and place. The benefit of qualitative research allows understanding people's decisions and actions that they take and or explain upon an action that has been taken. The reasoning's of qualitative research starts with 'What' question to know 'Why', in order to solve, 'How' question through knowing 'When'. (Myers 2013, 73-74.)

Qualitative research helps to understand the phenomenon as well. If there is no or not enough knowledge, theories or researches done in a topic before, a qualitative research can be done there to get in depth understanding. The core aim of the qualitative research is to gain new knowledge through intensive learning and to apply the acquired knowledge into strategy. A new theory is only possible through a qualitative research. It can be also created out of nothing or by simply improving the current phenomenon. However, a good description is not always possible only by describing a phenomenon but also sometime analysing numbers. Therefore, phenomena can be described by the words, and numbers to be more accurate to give a constructive and logical description of a phenomenon if necessary. (Kananen 2013, 41.)

Due to the nature of the data and research questions, this study has chosen case study research methods to be the best suitable approach for improvement. Thus, this study has explored the existing data preserved by the company X and decided to explore the data set based on the 2nd quarter report.

4.2 Case study research

Case study research is focused on the topic while concerned with the process and look for what has been studied rather than how the study has been conducted. The study includes understanding the complexity of the case within its own circumstance. Case study research therefore develops the methodology of the research based on the elements it emphasizes on its contextual environment.

This case study research is therefore aimed to reveal the practices of the topic to help to understand the phenomenon by studying the case from a holistic point of view of the topic from all corners. Thus, the study laid the path of pragmatic approach towards a constructivist inquiry. The structure of the case study ensures that the case study research is manageable, rigorous and applicable ensuring the quality of the content. Theoretical study is therefore done to understand the background study and literature of the research questions to guide the researcher into pragmatic constructivist research to develop new knowledge of the topic. (Harrison, Birks, Franklin & Mills, 2017.)

The case study research uses empirical evidence from real business settings asking the same 'how' and 'why' questions. Researcher dig into understand how and why a business decision has been made and how and why a business process works through the routine process it does every day to perform an action. The word 'case study' is simply a phenomenon of a case or situation to use as an example to describe a situation. A case study can be a social process, an organizational process or a collective unite.

Case study research is time consuming too. It takes time to do the empirical research and takes even longer to plan and write the findings. From start to finish case study research might take longer than other types of researches. Therefore, people with background knowledge of the case topic, and are dedicated towards the project, are encouraged to do case study researches. Case study research must be interesting to the reader with enough evidence and complete study considering alternative perspectives and contributing to knowledge through theories or concepts. (Myers 2013, 77-78.)

This case study is conducted based on a case company named as company X. The research is based on positivist case study findings as it reflects on current practices of a phenomenon based on 'what' and 'how'. In this case study, the documents that are used to analyse are mainly organizational business sensitive report, that are collected over the time and kept in order to provide as future report. Therefore, the sole purpose of this case study is to analyse those existing data in order to gain new knowledge. Mentioned by My-

ers (2013, 77) in positivist case study research, researchers' job is to emphasis on the validity and reliability of the presented data is in positivistic lines to ensure quality and standard of the study.

Thus, this research has emphasised company X to understand the problem deeper and take constructive actions to secure the future business through practical evaluation of the group reservation offers. Case study research was primarily prioritised for this study to lay the foundation of the research problem into solid argument. Whereas if to be argued, only action research was not enough to bring long term strategy to solve the issue.

4.3 Data collection and analysis methods

Any research first highlights the process of information and data collections. Just reading few books and talking with some people without any purpose is not a research. Data can be collected from different places and conceal in a single storage but if there is no interpretation of the data then that is not a research. Therefore, a research is a process where the reason of the purpose stated clearly, data are collected systematically and interpreted scientifically to find out new information. (Saunders, Lewis & Thornhill 2016, 44.)

Thus, it is important to clearly understand the research problem before commencing the research process. A well-defined research question will clearly state the real problems and issues for researchers to seek for answers. (Saunders, Lewis & Thornhill 2016, 44-45.) Morgan (2007) narrates the importance of the research questions are ultimately decided by the researcher themselves based on importance and research methodology. Research questions will be the centre of the project to find out relevant theories and design the methodology of the research process. The process will further set the research objectives and steps. (Saunders, Lewis & Thornhill 2016, 44-45.)

Data collection for the purpose of this research has started sometime in January 2019. However, airline X has stored these data's that are used in this research from 16th May 2018 until 06th June 2019. The data set was organized in a way that immediately after airline creates the reservation on behalf of an agency, all reservation related information's were stored in the same place and followed by the researcher until the pnr finalized. To get the best understanding of the cancellation reason's researcher has sent emails to the tour operators to provide accurate information of the cancellation reason. Researcher later segregated and organized those data to make the further analysis. Airline X has long observed that there has been the lack of understanding the materialization rates of groups while processing those cancellation reasons. Airline X has then come to the point that

they need to identify and understand those reasons for future groups better materialization. Therefore, airline X decided not only to ask the cancellation reasons from the tour operators but also to store collected data for future analysis. In the following months airline X has discovered few reasons that were causing the most cancellations. However, researcher has decided to store all the cancellation reasons under certain headings that best match with the reasons provided by the tour operators and kept them for future analysis of agency materialization of group reservations.

Therefore, second phase of the study process was initiated by the researcher. As the airline X analysis from the cancellations data were only figured out the reasons and number of affected seats plus if any other details of the pnr, but naturally not how to minimize those risks in long run. Thus, this research process started with a thorough understanding of the problem itself. Since the X airline collected its data to investigate the reasons only, this research measures the reasons by doing in-depth analysis of each reason. The research focused on the outcome of minimizing the risks of cancellations. Therefore, the researcher decided to analyse from the collection of data by the airline X from months April, May and June 2019 group reservations. These months are chosen due to its individual importance's. Month April consist with the Easter holiday season and a busy time for individual travellers, May is usually the month for those who wants to travel before the summer busy session starts in different parts of the world and finally June is usually time for sports related travels. The challenge at this stage was to secure case company identity and their sensitive data. Researcher therefore decided to leave business sensitive data and focused on those reasons only. Thus, researcher has dispersed those data under a separate heading based on the cancellation category for individual analysis. Each of the headings has its own pnr, reservation date, number of the seats and cancellation date to understand the length of the time to sell seats and the remaining time to resell them by the airline.

Final phase of the research has individually gone through those phenomena to identify the potentials out of those reasons. Therefore, it has studied the theoretical part of the airline group reservations, agency and tour operator's role in group reservation and passenger benefits of group reservation. The theory is the background study to clarify the importance of group reservations for both travel and tour operator and airline itself.

The duration chosen for the study is cross-sessional due to the importance of the months based on holidays, pre-summer and summer season, high and low demands for group travel. However, company may continue the study further over the year, however, that

must depend on their interests and importance of the outcome. As this study gives a understanding of current phenomenon of the process, thus continuing the process and analysing them will benefit to improve.

4.4 Validity and reliability

Validity is the process and technics that researcher followed to produce the research results. Reliability means the consistency of the research findings with the research results. (Saunders, Lewis & Thornhill 2016, 44-45.)

The background theory for this study are conducted to produce familiarity of the topic area and reasoning's of the research questions 'what' and 'why', and the analysis and results produced the 'how' answers of the process to improve the current phenomenon.

The data used for this research are collected from the company X. Data are collected from their daily business actions and process. Data producers are the professionals in the same line of their business and partners for airline X. Data processor is the airline X professional who was collecting and sorting those data to follow the phenomenon. Data were first collected based on the actions generated by the tour company and then sorted according to the data similarity with a unique airline booking reference number. Sensitive data such as the reference numbers, agency names, date of departures and destinations are later removed to protect company X business sensitive information's. Other relative information's are presented according to the core study aim.

Therefore, data reliability provided in this case study research is based on the documentation of the data and sources are protected but presented data are extracted from the real-life organizational contexts.

5 Group Reservation Process of Airline X

This section has been omitted from public sharing. Pages 32-39.

6 Reason Analysis and Recommendations

This section has been omitted from public sharing. Pages 40-52.

7 Conclusion

In a research-oriented thesis, the trustworthiness and the ethical viewpoints of the study are also examined. It is also important to form the conclusions based on the results and to present development ideas and suggestions for further research. Thus, this part investigates the research results, its outcome, reflection of the whole study and suggestion for future study.

7.1 Research results

The study showed that the airline and the tour operators are both dependent on each other for group sales. Airlines by themselves do not make the group reservations. Reservations are requested by a tour operator and materialized also by them. From the tour operator prospective, they also must maintain up to date relation with the airline in order to secure competitive deal. Therefore, both airline X and their tour operators are dependent on each other. Thus, the benefits of co-marketing efforts are essential to market tour packages.

Airline X's marketing supports destinations that would also support agencies sales. Thus, a joint marketing plan can be drawn together with tour operators and the airline. As sales also depend on many other uncontrolled market situations, airlines must provide that flexibility to the tour operators so that the tour operators can adjust the demand accordingly to the ongoing market behaviour. Understanding the demand from an airline prospective is often based on the airline's past L/F analysis. If the expected demand is high, seats will be sold eventually, but if group rule restricts an agency to wait to sell, the airline therefore can relax their group rules to support the agency sales and market trends even though expected high L/F for any demandable period of the year. The reason behind this is to secure the advance bookings.

First, airline X must consider the market competition and overlapping product types. There can be two different airline operators to the same direction and similar products from different tour operators, in those cases, airline X must consider price and service quality factors.

As discussed in the chapter 3.2, price is a sensitive issue and lowering prices is not a strategic move. However, price flexibility can be adopted in case overlapping destinations are in demand based on seasonality. Price flexibility will provide the agency to keep the tour within their budget.

Second consideration is competitors' service quality of the product. A tour operator might choose the quality and comfort over a minor difference of the price. Many airlines might offer cheaper prices to a destination, but as a legacy carrier airline X would offer the slightly higher price than the low-cost carrier but the offer will come as a bundle including baggage, meals and other services together. The pre-sales services for tour operators and on-board services for customers are most considerable factors before choosing an airline. Therefore, keeping the price flexibility and quality in order, will only increase chances of gaining and retaining groups in an overlapping market.

Third, airline X must create a portfolio of the agencies and their customer types. Focusing on agencies demands for a tour, flight routes they use, their experience from the service, their market placement and their potentiality, would support to create an agency portfolio. Based on the portfolio of the agency, airline X needs to evaluate their price offerings, be flexible if necessary and create mutual marketing plans. This way airline X can create loyal tour operators, who will by the time build trust based on the Airline X's service quality and price transparency. It will, therefore, lead to future mutual marketing cooperation and better understanding between each partner. In long term, it will develop the advantages of prioritising Airline X as preferred carrier in an overlapping market.

Fourth, airline X must organize triangular marketing between Airlines tour operators and destination DMC's. Such marketing effort will increase cooperation between the parties and build loyalty. Particularly Airline X, marketing effort must not keep only with their own marketing activities, but a marketing plan related with the development of a destination and its available tours in the market, are necessary. Airline X, therefore, must lead the effort for joint marketing opportunities for local tour operators and facilitate FAM trips in co-operation with the destination DMC in order to familiarise any destination among the local tour operators.

Fifth, as study shows ad hoc groups are one segment of groups that comes suddenly based on an event or occasion. To finalize the deal, airline can ask for early deposit by giving an attractive offer and conditions. It will also avoid the satiations of unnecessarily keeping seats for too long and to guide the group to decide soon.

Airline X can evaluate those groups depending on the availability and departure timing. As these groups are coming suddenly and their plans are quite precise, Airline X can therefore take following actions to secure these groups in good time. Airline must offer the group a decent deal and ask for early settlement of the deposit money to confirm the deal.

A good deal sometime stimulates the plan faster; therefore, airline can make the quotation in a way attractive too by offering reasonable price, if there are good availability. Such group also tend to shop from different tour operators as well. This tendency by the group owner can be controlled if same fare and conditions are offered to all the agencies group is asking from.

Sixth, as Salto & Strehlau (2018, 18) advised, four reasons people considers behind a tour decision, airline and tour operator must consider those facts before preparing the tour.

Customer past behaviours must need to be in consideration before offering the group reservation. Customer considers some certain factors from the destinations, value of the tour and personal motivational things, before their purchase decisions are made. Considering such matters together with the tour operators, airline X would consider bundling a tour. In case the destination becomes unfavourable to travel, airline might consider waiving any penalties in order to cancel the trip. However, once situation gets better Airline X can start offering small number of seats to operate a group with lowest possible price. Rule flexibility also can be applied with an extended deposit time-limit. In addition, to reduce the risks of losing those groups and not holding unsold seats for long, Airline X must follow up the sales situation and ask for an update from the tour operators.

Seventh, customer decisions also come from whether to decide on a tour with a direct flight or with a transit. People consider the total flight time, route and transit time while choosing the airline option. Even though such changes are not possible on daily basis, but Airline X might direct the focus of the customers onto their services and quality of services comparing a direct option. Many airlines offer stop-over facility with free hotels and tours. Such an option for groups might attract to choose a transit option over a direct flight option. Airline X must consider direct flight option while making the offer. To put the chances ahead a direct operator, Airline X can offer lower price that motivates group to accept the deal and add-ons to attract the group such as stop-over accommodation, meals, tours, lounge access and sometime even upgrade to higher classes if possible.

Finally, if airline cancels their flights for any reason or if group must reschedule their journey due timetable changes in such way that the tour plan must reschedule or cancel. The core aim of the airline and the agency is not to create unsatisfactory situations among their customers but to advise quick solutions.

Thus, Airline X must inform the changes in good time to the tour operators. In relation with the information, airline must also prepare and offer a plan B from their own options. Setting-up a supportive communication channel between the airline and the agency is in high priority in such situations. Airline X must keep them pro-active and discuss the situation with their agency on regular basis.

7.2 Reflection of the research

This study has solely focused on the airline group cancellations reasons. To understand the whole picture, it has focused on the areas that is related with the reservations and cancellations. Airline sector itself is dependent on many other internal and external factors in general. Internal factors of the industry like the new aircrafts that are grounded due to restrictions, airlines own operating limitations, strikes etc. Airline business may effect from the external factors too like economic, environmental, political, security and pandemic diseases. All internal and external factors directly impact on the global airlines business. As the research focus is on the reasons that brings impacts on the outcome of the group dematerializations for Airline X, this study has found total 7 reasons behind. These reasons are all internally and externally related with other sources. Airline X cannot much manipulate those factors. However, as the study has suggested some specific reasons, discussed their sources with background theories and placed some recommendations; Airline X can consider these studies to analyse their future group requests.

The challenges this study has faced to protect the business interest of Airline X, study has not explored the cancelled reservations into detail but only extracted the minimum data to clarify the situation. Due to this, study could not be able to focus on any specific destination, group types, agency portfolios etc.

Since the research process started, Airline X, has successfully adopted with the cancellation analysis. Thus, they have taken considerable actions to minimize their risks by making pre-analysis of each requests individually based on group type, size, destination and the tour operator portfolio. Airline X now can monitor the situation periodically without waiting agency response. In case of certain cancellations, Airline X can get early response from the agency that will give some extra time for the airline to sell those cancelled seats. The benefits Airline X gets from this study are very extensive. Based on the findings, Airline X will be able to internally continue their analysis to be more competitive in their offerings. Their future analysis can be based on agency portfolio. By focusing on the agency's strengths, weaknesses and opportunities, Airline X can offer them new destinations and an attractive price for multiple groups and make marketing campaign together.

The validity of this study has reflected into the Airline X actions and research findings. The data collection process had directly informed each agency that the Airline X is monitoring the reasons of cancellations. Storing data and processing them with a clear ambition has illustrated into this study. Data's used to make this study is, therefore, genuine data with the adjustment of company's sensitive data. Thus, the reliability of this study has developed based on a set of valid data. The results section of the study, therefore, formulate the outcome of the whole research.

Being part of this research, I have seen the whole process why one tour materializes and the other does not. Also, what are the factors that motivates a tour operator to decide on an air carrier for a certain route. Additionally, the overall knowledge of customer decision factors that motivates one to buy a tour. Furthermore, research has taught me how an applied research can be conducted and its methods. Outcome of the study would surely benefit me as a researcher of the topic, and to any future researcher to carry on from here.

7.3 Future study

Future research can be based on one-on-one interviews rather focusing on the data sets. One-on-one interviews might also reflect on other external issues more specifically and practically in order to get better results. The ongoing COVID-19 will have a major impact on the future group tours. Airline X must consider their future to do list in case of such crisis appears. Therefore, scope can widen in this topic from the other aspects of the opportunities. In this study researcher had limitations only with improving Airline X current outcome, future researcher can continue this study on how tour operators can get benefits and supports from an airline in order to improve airline group sales materializations. Thus, a study based on interviews with airline tour operators would add new knowledges from different prospective as well.

References

Aer Lingus 2020.

<https://www.aerlingus.com/plan-and-book/plan/group-travel/#/tab-0-booking-from-europe>

Accessed: 20 January 2020.

Alternative airlines. 2020.

URL: <https://www.alternativeairlines.com/legacy-carriers>. Accessed 29 February 2020

Altexsoft 2019.

<https://www.altexsoft.com/blog/engineering/flight-booking-process-structure-steps-and-key-systems/> Accessed: 09 December 2019

American Airlines 2020.

<https://www.aa.com/i18n/customer-service/programs-products/group-meeting-travel.jsp>

Accessed: 20 January 2020.

Archer J. & Syrratt G., 2003. Manual of Travel Agency Practice, 3rd edi. Taylor & Francis Ltd. pp 4-5.

Austrian 2020. Austrian Group Bookings.

https://www.austrian.com/Info/FAQ/groupbooking.aspx?sc_lang=en&cc=AU Accessed: 24

January 2020

Ba-groups 2013.

<http://www.ba-groups.com/gta42july2013.pdf> Accessed: 20 January 2020.

BBC 2020. British Airways and Iberia sign merger agreement.

<http://news.bbc.co.uk/2/hi/business/8608667.stm> Accessed: 01 February 2020

Bronher K. 14 July 2017. Overcoming the challenges of group bookings, Sabre.

<https://www.sabre.com/insights/overcoming-the-challenges-of-group-bookings/> Accessed:

30 November 2019.

Brussels Airlines 2020.

<https://www.brusselsairlines.com/en-il/misc/group-bookings-benefits.aspx?v3=true> Accessed: 20 January 2020.

Castiglioni M., Gallego A. and Galan J. L. 2018. The virtualization of the airline industry: A strategic process. Vol. 67, pp. 134-145.

<https://www.sciencedirect.com/science/article/pii/S0646499717303186>

CSSE 2020. Coronavirus Resource Center. Johns Hopkins University.

<https://coronavirus.jhu.edu/map.html> Accessed: 05.04.2020

Davidson R. and Cope B. 2003. Business travel. Pearson Education, England. pp 6-7

Delta 2020.

<https://www.delta.com/us/en/special-circumstances/group-travel> Accessed: 20 January 2020.

Falk M. & Vieru M. 2018. Modelling the cancellation behaviour of hotel guests. International Journal of Contemporary Hospitality Management, Emeraldinsight, 30, 10, pp. 3101.

Finavia 2018. What's the difference between a scheduled and charter flight?

<https://www.finavia.fi/en/newsroom/2018/whats-difference-between-scheduled-and-charter-flight> Accessed: 23 January 2020

GroupRM 2020.

<http://groupm.net/Top-group-booking-challenge-faced-by-airlines> Accessed: 23 January 2020

Hannigan T. J., Robert, H. & Mudambi R. 2015. Competition and competitiveness in the US airline industry. Emerald Insight. Vol. 25, pp. 135-138. <https://www.emerald.com/insight/content/doi/10.1108/CR-11-2014-0036/full/html>

Happy M. 06 December 2017. The difference between solo and group travel. Huff post.

https://www.huffpost.com/entry/the-difference-between-solo-and-group-travel_b_6715500?guccounter=1&guce_referer=aHR0cHM6Ly93d3cuZ29vZ2xlmNvbS8&guce_referer=

[rer_sig=AQAAAKQug_Ob_cSqaDOZKmBcWZrVxrdYBewn33P12WweUkZBldEc-bAu0I4u3QcxNUD4C3T-mJHutHzGMIE8IAfpsthVmkt7eFWqHJ6yIkJBuYTAJL_NzBNk-BrGJ8I_2YWzN0-KPJNaSXL4WHINWAqFU1GQWjffxmE9YL Yh60eJDCIm5](http://www.qualitative-research.net/index.php/fqs/article/view/2655/4079#g31) Accessed: 04 April 2020

Harrison H., Birks M., Franklin R., and Mills J. 2017. Forum: Qualitative social research. Vol. 18.

<http://www.qualitative-research.net/index.php/fqs/article/view/2655/4079#g31>

Hayward, P., Marvell, A. and Reynold, H. 2005. Travel & Tourism. Heinemann Educational Publishers, Oxford. pp 66-68

https://books.google.fi/books?id=kiJTSDRjNR8C&pg=PP77&lpg=PP77&dq=group+booking+benefits&source=bl&ots=-_Mxkcr5RW&sig=ACfU3U0-AZ6yYxdKlgAnL-UwZuGQI-jeNjg&hl=en&sa=X&ved=2ahUKewi-2dD9svTmAh-VGIYsKHcioDvA4ChDoATAIegQICRAB#v=onepage&q=group%20booking%20benefits&f=false

IATA 2019a.

<https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet---industry-statistics/> Accessed: 22 January 2020

IATA Agency Program. IATA 2019b.

<https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet---iata-agency-program/> Accessed: 22 January 2020

IATA Air Passenger Market Analysis 2020c.

<https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---feb-2020/> Accessed: 03 April 2020

ICAO 2020. Economic Development.

<https://www.icao.int/sustainability/Pages/Low-Cost-Carriers.aspx> Accessed: 22 January 2020.

Jacobs T. L., Garrow L. A., Lohatepanont M., Koppelman F. S., Coldren G. M. and Purnomo H. 2012. Quantitative problem-solving methods in the airline industry. A modeling methodology handbook. Springer. pp. 36-37

<https://pdfs.semanticscholar.org/3637/2e54944d22f822e54f4d6855dbdd8be2c8a2.pdf>

Jung S., Kim B. and Yoo K. 2017. Journal of traffic and transportation engineering, passenger choice behaviour between direct and transit flights-a case study on passengers using hub airports in the northeast Asian region. David publishing. pp. 263-265
<https://pdfs.semanticscholar.org/4ae6/aea49370f22ede954a015b8418b05e14272a.pdf>

Kananen, J. 2013. Design Research as Thesis Research. Jyväskylän ammattikroekoulu. pp 41.

Kucukaltan B. and Topcu Y. I. 2019. Assessment of key airline selection indicators in a strategic decision model, passengers' perspective. Journal of enterprise information management. Vol. 32, issue 4, pp. 646-647.
<https://www.emerald.com/insight/content/doi/10.1108/JEIM-08-2018-0178/full/pdf?title=assessment-of-key-airline-selection-indicators-in-a-strategic-decision-model-passengers-perspective>

Kuljanin J. G., , Kalic M. D., Caggiani L. G. and Ottomanelli M. G., 2017. Airline Efficiency Performance in the Turbulent Period Before and After Economic Crisis. pp. 725-727
<http://scindeks-clanci.ceon.rs/data/pdf/0040-2176/2017/0040-21761705725K.pdf>

Leeuwen 2018.

https://beta.vu.nl/nl/Images/werkstuk-leeuwen_rik_van_tcm235-876479.pdf

Accessed: 05 January 2020.

Llera 2019.

<https://www.travelperk.com/blog/the-best-group-travel-booking-tips/> Accessed: 16 December 2019.

Lufthansa, 2020. Terms & Conditions for Group Travel.

<https://www.lufthansa.com/de/en/group-trips-terms-and-conditions> Accessed: 24 January 2020

Malaysian airlines 2020.

<https://www.malaysiaairlines.com/my/en/group-booking-forms.html> Accessed: 20 January 2020.

- Morgan, D. L. 2007. Paradigms lost and pragmatism regained: Methodological implications of combining qualitative and quantitative methods. *Journal of Mixed Methods Research* 1. pp. 48–76.
- Moore D. 14 May 2018. The difference between tour operators and travel agents, AITO. <https://www.aito.com/blog/the-difference-between-tour-operators-and-travel-agents>
Accessed: 24 January 2020
- Myers M. D. 2013. *Qualitative Research in Business & Management*. 2nd edi., pp. 73-78.
- Oren P. 2016. Airline passenger cancellations: modelling, forecasting and impacts on revenue management. Massachusetts Institute of Technology. pp. 10
<https://dspace.mit.edu/handle/1721.1/104325>
- Pearce B. 2019. Industry Outlook. IATA Global Media Days, pp 16.
<https://www.iata.org/en/iata-repository/pressroom/media-kit/industry-outlook-brian-pearce/>
- Ryanair 2020.
<https://www.ryanair.com/gb/en/plan-trip/flying-with-us/groups> Accessed: 20 January 2020.
- Ryanair 2020.
<https://www.ryanair.com/mt/en/useful-info/help-centre/faq-overview/Making-a-reservation/how-do-i-make-a-booking> Accessed: 05 February 2020.
- Salto C. and Strehlau V. I. 2018. Tourist destination choice: a bibliometric study. *ESPM*. Vol. 13, pp. 17-20.
https://www.researchgate.net/publication/324731948_Tourist_destination_choice_A_bibliometric_study
- Saunders, M., Lewis, P. and Thornhill, A. 2016. *Research methods for business students*. 7th edi., Pearson education limited. Harlow. pp. 44-45
- Singh A. K. 2015. Modeling passengers' future behavioural intentions in airline industry using SEM. *Journal of advances in management research*. Emerald insight. Vol. 12, pp. 107-110
<https://www.emerald.com/insight/content/doi/10.1108/JAMR-06-2014-0033/full/html>

Smith J. D. and Warburton F. 2015. Travel and Tourism. Cambridge IGCSE. Cambridge University Press, United Kingdom. pp. 4-12.

Statistica, 2020

<https://www.statista.com/statistics/564717/airline-industry-passenger-traffic-globally/>

Accessed: 05 January 2020.

Strauss 2018.

<https://www.travel-industry-blog.com/travel-industry/ndc/> Accessed: 23 November 2018

Syratt, G. and Archer, J., 2003. Manual of Travel Agency Practice. 3rd ed. ProQuest Ebook Central, Routledge.

Tatiana 2019.

<http://travelbee360.com/the-benefits-of-booking-group-travel/> Accessed: 20 January 2020.

Taylor J. S., Bogdan R., and DeVault M. 2015. Introduction to Qualitative Research Methods: A Guidebook and Resource. John Wiley & Sons. pp. 4-11.

Tourism notes 2019.

<https://tourismnotes.com/tour-operators/> Accessed: 10 December 2019

United 2020.

<https://www.united.com/ual/en/us/grouptravel/groupform/information> Accessed: 20 January 2020.

Wensveen J. G. 2015. Air Transportation, A management perspective. Ashgate publishing limited, England. pp. 268-269, 285-289.

WHO, 2020. WHO Director-General's opening remarks at the media briefing on COVID-19. World Health Organization.

<https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-COVID-19---11-march-2020> Accessed: 05.04.2020

World cultural tours 28 December 2016. Understanding Group Flights.

<https://www.worldcultural tours.com/Blog/177487/Understanding-Group-Flights> Accessed:
30 November 2019.

WTTC 2020.

<https://www.wttc.org/members-hub/> Accessed: 03 April 2020.

Yin R. K. 2009. Case study research, design and methods. Applied social research methods series, SAGE India Pvt. Ltd., Vol. 5, 4th edi.

Appendices

Appendix 1. Abbreviations

| ABBREVIATIONS | DESCRIPTIONS |
|----------------------|--|
| IAG | INTERNATIONAL AIRLINE GROUP |
| IATA | INTERNATIONAL AIR TRANSPORTATION AUTHORITY |
| PNR | PASSENGER NAME RECORD |
| GBC | GROUP BOOKING CONFIRMATION |
| LF | LOAD FACTOR |
| AITO | ASSOCIATION OF INDEPENDENT TOUR OPERATORS |
| GDS | GLOBAL DISTRIBUTION SYSTEM |
| ATPCO | AIRLINE TARIFF PUBLISHING COMPANY |
| IBM | INTERNATIONAL BUSINESS MACHINES |
| CRS | CUSTOMER RESERVATION SYSTEM |
| NDC | NEW DISTRIBUTION SYSTEM |
| LCC | LOW COST CARRIER |
| ICAO | INTERNATIONAL CIVIL AVIATION ORGANIZATION |
| FIT | FREE INDEPENDENT TRAVELLER |
| GIT | GROUP INCLUSIVE TOUR |
| RM | REVENUE MANAGEMENT |
| UA | UNITED AIRLINES |
| SN | BRUSSELS AIRLINES |
| FR | RYAN AIR |
| AA | AMERICAN AIRLINES |
| MH | MALAYSIAN AIRLINES |
| EI | AER LINGUS |
| RPM | REVENUE PASSENGER MILES |
| SQ | SERVICE QUALITY |
| IT | INCLUSIVE TOUR |
| DMC | DESTINATION MANAGEMENT COMPANY |
| FAM | FAMILIARISATION |
| WTTC | WORLD TRAVEL & TOURISM COUNCIL |
| GDP | GROSS DOMESTIC PRODUCT |

Appendix 2. Ryan Air Group Reservation Quotation

| Outbound | | Return | |
|--------------------------|-------------------------|--------------------------|-------------------------|
| Date | Sep 25, 2020 | Date | Sep 28, 2020 |
| Departure airport | Lappeenranta (LPP) | Departure airport | Berlin Schönefeld (SXF) |
| Arrival airport | Berlin Schönefeld (SXF) | Arrival airport | Lappeenranta (LPP) |
| Flight number | 11:00-FR2735 | Flight number | 06:00-FR2734 |

I Agree that the [Terms and Conditions of Carriage](#) apply except as expressly varied by the [Group Terms & Conditions](#) .

| Group Profile | | Quote Details | | | |
|--|-----|----------------|-------------------|--------------|--------------|
| No. adults | 17 | Fare | Passengers | Price | Total |
| No. teenager (12 - 15 years old) | 0 | Infants | 20 | € [REDACTED] | € [REDACTED] |
| No. children (2 - 11 years old) | 3 | Bags | 0 | € | € |
| No. infants (8 - 23 months old) | 0 | | --- | € | € |
| Special assistance | Yes | | Quantity | | |
| | | | --- | € | € |
| | | | --- | € | € |
| | | | --- | € | € |

Conversation

Your Quote is ready for Berlin marathon

Edel

Dear Customer,

Your quotation for case number [REDACTED] is ready.

IMPORTANT INFORMATION:

- Quote refers to final prices, including allocated seating.
- Quote **excludes** optional extras (checked in bags, priority boarding etc).
- Quote is subject to live flight availability and can change at any time.
- Once you have accepted your quote **we call you** to take payment.
- We **require full payment** by credit/debit card to make the booking.
- We do not accept bank transfers.
- At time of booking we do not require any names.

[Click here to view your quote.](#) [Click me](#)

Appendix 3. British Airways Group Rules Agreement

Terms and Conditions

Group Agreement

This Agreement sets out the Terms and Conditions on which British Airways Plc (“British Airways”) agrees to supply nett rates (“Agreed Rate”) to the Group.

British Airways will only correspond with the Organiser of the Group unless the Organiser specifically delegates another member of the Group to correspond with British Airways in relation to the Group Booking.

Group Size and Qualifications

Group Size means the following:

World Traveller and Euro Traveller classes means 10 (ten) or more passengers travelling on all sectors: World Traveller Plus, Club World, Club Europe and Club on Domestic classes means 7 (seven) or more passengers travelling on all sectors. First class means 4 (four) or more passengers travelling on all sectors

For the avoidance of doubt, the minimum group size is dictated by the lowest cabin of travel, for example 5 passengers travelling in World Traveller and 5 Passengers travelling in the Club world Travel would not be an eligible group as 10 is the minimum group size.

Any children (aged 2-11) included in the Group will be at the Agreed Rate. Infants (aged 0-2) will be charged at 10% of the Agreed Rate, provided no seat is occupied. If an infant occupies a seat they will be charged at the Agreed Rate.

Deposits

For all Group Bookings, in order to continue holding seats at the Agreed Rate or Rates quoted at the time of booking, British Airways will require a Deposit. British Airways will not require a Deposit in respect of an infant who does not occupy a seat.

The Deposit will be 20% of the fare or £20.00 (whichever is the greater). British Airways reserve the right to vary the Deposit and Deposit Date at any time. These changes will be detailed in your Booking Confirmation which will be sent out at

the time the booking is made.

Deposit Dates are specified in the Payment Matrix. In the event of conflict between the Deposit Dates and the date specified on the Booking Confirmation, the Deposit Date will prevail. British Airways must be advised verbally by the due payment date if Bank Transfer is the chosen form of payment, in order to track the payment is received.

If the Deposit is not received by the Deposit Date, the Group Booking shall be automatically cancelled without further reference to the Organiser, and the Organiser shall indemnify British Airways against any claims, proceedings or liability that arises out of such a cancellation. You will receive a receipt for all payments received. Receipt of Deposit after the Deposit Date will be treated as a request for a new booking. This request will be subject to availability and possible increases in the Agreed Rate. Deposits are not transferable, and these Terms and Conditions shall apply from when Deposits are received. Deposits must be made in a single payment transaction for the entire Group.

For Group Bookings made within 8 (eight) weeks of departure, a Deposit is not required, as Full Payment must be made within 48 hours of making the booking. For imminent travel, full payment must be made at the time of booking.

Payment

For the avoidance of doubt, the Agreed Rate is to be regarded nett of any commission. No commission shall be payable to the Organiser in respect of the Agreed Rate.

British Airways will issue a full payment advice to the Group Organiser. Full payment (none refundable) against this invoice must be received by 8 (eight) weeks prior to departure. Invoices will be sent to the email address provided at the time of booking. It is the responsibility of the Organiser to ensure contact details are correct. No further reminders will be issued. Late payment will result in automatic cancellation of the Group booking and Deposit forfeited. Any subsequent new request for a Group booking will be subject to availability and a possible increase in the agreed Rate.

Full Payment is required in a single payment transaction for the entire Group by the Full Payment Date.

Payment Method: Deposits and Full Payment may be made by Credit or Debit card (Visa, MasterCard, Diners, and American Express). **Please note British Airways will not apply any surcharge fees for payment by credit or debit card.**

If payment is by Credit Card acceptance rules may vary, please speak to your Group bookings consultant. Payment can only be accepted from the Card Holder named on the Credit/Debit card.

Once payment has been received by British Airways, for either Deposit and/or Full Payment (as relevant), the payment is non-refundable, regardless of the Deposit Date or Full Payment Date.

Price

The Agreed Rate excludes taxes, fees, and carrier charges and are not guaranteed against increase in insurance charges, duties or taxes. Carrier imposed charges are guaranteed at time of booking.

Where a Group rate is quoted it will be conditional on a minimum number of people travelling, the minimum Group size being applicable to lowest cabin of travel, and will be subject to the full published fare on BA.com for the applicable cabin, if at any time before ticket issuance the Group size is not met. (As specified in the Booking Confirmation)

Names and API

Provided Full Payment has been received as detailed in clause 4, Names must be provided to British Airways, in accordance with Schedule 2, no later than 2 (two) weeks prior to day of departure unless the booking is made within 2 weeks of departure and in which case Names must be provided at time of booking.

Any booking containing other airline sectors may have additional and more restrictive naming conditions applied at any time, and you should speak to your Group Sales consultant to confirm these.

Where other airlines are present in the booking alternative terms may be applied. Changes and name changes may not be allowed, and names may be required 30 days before departure, or at the time of booking if the booking is made within 30 days of departure.

British Airways will then issue Group tickets via our e-ticket system.

Failure to provide names will result in automatic cancellation of bookings. If British Airways does not receive all of the Names by the Naming Date, British Airways will cancel the Group Booking (without payment of compensation) and release the reserved seats. For the avoidance of doubt, this applies even if Full Payment has been made prior to the Naming Date. All payments for pre paid Baggage, paid for Seating, pre order Catering and Car Hire. British Airways will retain all payments received on or before the date of cancellation, and the Organiser will be liable for and shall pay to British Airways all sums that would otherwise be due on or before the date of cancellation.

It is the organiser's responsibility to supply all names by the due date, British Airways will not send repeat further requests or Names reminders.

On or before the Naming Date, the Organiser must provide British Airways with the following information in respect of the Group Booking using the appropriate BA.com Names and Apis form: the full name of each passenger as stated on their passport for all citizens of the United States of America travelling on international flights into or out of the US pursuant to the Group Booking, an emergency contact name and telephone number; all API data for each passenger. email address and mobile telephone number for the Organiser; and any and all other information required by British Airways from time to time.

Prior to tickets issued, name changes are available free of charge. Once tickets are issued, Name changes are permitted at a service charge of £50.00 per change and must be carried out at least 48 hours prior to departure by calling the British Airways UK&I Sales department. All requests for name changes must be received verbally in the UK Group Sales office. Name changes can only be actioned by calling the Group Sales team, Email requests cannot be accepted. Name changes

will only be actioned at the request of the Group Organiser or other authorised named person in the booking. Airports and other BA offices cannot action name changes on Group bookings under any circumstances. Name changes are not permitted after departure.

Changes to Group Sizes

After the Deposit and/or Full Payment (as relevant) is received, any reduction in the Group size will result in the loss of Deposit and /or Full Payment as applicable on the total number of seats released.

If after Deposit and /or Full Payment (as relevant) is made, the Group size reduces to less than the minimum Group Size as applicable to the cabin of travel, the Group Nett rate is no longer valid and the seats will be cancelled with loss of monies for all cancelled space. The applicable published fare as available on ba.com will be applied to those remaining passengers travelling and all associated published fare rules will apply.

All requests requiring clearance for Excess Baggage, Outsize Baggage, Sporting Equipment, including Sporting Wheelchairs, Musical Instruments/Extra Seats for comfort or cabin baggage, must be advised as soon as possible to the Group Sales department and at least 21 days prior to departure for clearance. Failure to advise enough notification may result in denied clearance.

Failure to advise British Airways of items requiring clearance prior to deposit paid, resulting on loss off ability to transport same, British Airways cannot accept any liability and Deposits and/or Full Payment as relevant will not be refundable.

Amendments/Cancellations/Refunds/Fare Rules

Tickets are non-endorse able and none refundable. Taxes, fees and carrier charges may be refundable. Carrier imposed charges are not refundable unless involuntary refund. Please refer to your Group Booking consultant for details. British Airways charges an administration fee of £30 per passenger pre and post ticket.

Upgrades are permitted at any time, for one or more passengers, subject to availability and payment of any additional charges, including and not limited to any increase in fare level as applicable at the time of change, as long as the number of

passengers travelling together in at least one direction on the same flight is not less than the minimum Group size. Changes to the Group Nett rate will be applied at the time of Upgrade and any increase in Deposit and/or Final Balance must be paid at the time of confirmation. Upgrade request can only be actioned by contacting the Group Sales Department.

At any time up to 72 hours prior to departure the Group Organiser may request up to a maximum of 30% of the Group size, one or more Changes/Deviations for passengers. British Airways will consider the request and subject to availability and collection of any increase in the Group Nett rate, and the collection of any applicable increase in taxes, fees and carrier-imposed charges, allow the changes/deviations. For the avoidance of doubt a Deviation/Change may only be requested for each passenger in one direction as the passenger must have one sector in common with the main Group. Requests for the changes /deviations will only be considered as long as the number of passengers travelling together in at least one direction on the same flight is not less than the minimum group size. All changes/deviations must be requested to the Group Sales Department.

Changes/Deviations actioned prior to Ticket Issuance are permitted free of charge, changes Deviations actioned post ticket issuance will incur a reissue fee of £30.00 per ticket/change.

Whole Group changes will only be permitted at the discretion of the British Airways UK&I Group Sales team, unless involuntary change. Change fees/increase in rate may apply.

In the event of full cancellation of the Group Booking, Deposit and Full Payment is not transferable or refundable.

No date/flight/route changes are allowed once travel has commenced

Please be aware Changes/Deviations and Name Changes may not be available if the itinerary contains other airlines, please speak to your Group Sales Consultant.

Payment Matrix

| Booking Dates | Deposit Dates | Full Payment Dates | Naming Dates |
|---|--|---|-----------------------------------|
| Bookings made more than 12 weeks prior to departure | Due within 2 weeks of Booking Confirmation | Due at least 8 weeks prior to departure | Latest 2 weeks prior to departure |
| Bookings made more than 8 weeks and up to (and including) 12 weeks prior to departure (Including Schools, Colleges and Universities) | Not required | Due at least 8 weeks prior to departure | Latest 2 weeks prior to departure |
| Bookings made more than 2 weeks and up to (and including) 8 weeks prior to departure (Including Schools, Colleges and Universities) | Not required | Due within 48 hours of booking | Latest 2 weeks prior to departure |
| Bookings made within 2 weeks prior to travel (Including Schools, Colleges and Universities) | Not required | Due at time of booking | Due at time of booking |

Deposit Due Dates for Schools and Colleges – With proof of organisation

| Booking Dates | Deposit Dates | Full Payment Dates | Naming Dates |
|--|---|--|--|
| <p>Schools, Colleges and Universities, for bookings made more than 16 weeks prior to departure. (All bookings made within 16 weeks prior to departure follow normal payment terms as above.)</p> | <p>Due Within 8 weeks of Booking Confirmation</p> | <p>Due at least 8 weeks prior to departure</p> | <p>Latest 2 weeks prior to departure</p> |